

Message Text

LIMITED OFFICIAL USE

PAGE 01 LAGOS 03482 161428Z

63

ACTION AF-06

INFO OCT-01 EUR-12 IO-10 ISO-00 L-02 CIAE-00 INR-07

NSAE-00 PA-01 USIA-06 PRS-01 SP-02 EB-07 AID-05

OPIC-03 COME-00 FRB-03 TRSE-00 XMB-02 STR-04 CIEP-01

OMB-01 CEA-01 TAR-01 FEA-01 /077 W

----- 037154

R 160914Z APR 75

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 8835

INFO AMEMBASSY BONN

AMEMBASSY GENEVA

AMEMBASSY LONDON

AMEMBASSY PARIS

LIMITED OFFICIAL USE LAGOS 3482

GENEVA FOR GATT

E.O.: 11652: N/A

TAGS: EIND, ETRD, NI

SUBJ: NIGERIAN IMPORT QUOTAS ON SMALL CARS

REF: (A) LAGOS 3030

(B) LAGOS 3032

1. DEPARTMENT WILL HAVE NOTED REFERENCES IN GENERAL GOWON'S BUDGET SPEECH AND FINANCE COMMISSIONER SHAGARI'S PRESS CONFERENCE TO EFFECT IMPORTS OF MOTOR VEHICLES WITH ENGINE CAPACITY UNDER 2000 C.C. WILL BE CONTROLLED IN ORDER AFFORD PROTECTION TO VOLKSWAGEN AND PEUGEOT ASSEMBLY PLANTS.

2. GENERAL GOWON'S WORDS WERE, "THE IMPORTATION OF CARS UNDER 2000 C.C. WILL, WITH EFFECT FROM THIS FISCAL YEAR BE PLACED UNDER LICENCE IN ORDER TO OFFER PROTECTION TO THE VOLKSWAGEN VEHICLE ASSEMBLY PLANT IN LAGOS AND THE PEUGEOT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LAGOS 03482 161428Z

ASSEMBLY PLANT IN KADUNA IN BOTH OF WHICH THE GOVERNMENT HAS

SUBSTANTIAL INVESTMENTS. LICENCES WILL ONLY BE ISSUED FOR THE IMPORTATION OF CARS UNDER 2000 C.C. TO THE EXTENT OF THE SHORT-FALL IN LOCAL PRODUCTION. CARS OF 2000 C.C. AND ABOVE, WILL CONTINUE TO BE IMPORTED WITHOUT ANY RESTRICTION OR LICENCE." SHAGARI SAID, "THE TWO CAR ASSEMBLY PLANTS SET UP IN PARTNERSHIP WITH THE FEDERAL GOVERNMENT HAVE GONE INTO OPERATION. IN ACCORDANCE WITH THE AGREEMENT SIGNED BY THE FEDERAL GOVERNMENT TO PROTECT THE TWO PLANTS, GOVERNMENT HAS DECIDED THAT THE BEST MEANS OF PROTECTION LIES IN QUOTA RESTRICTION ON THE IMPORTATION OF THE CARS AFFECTED. ACCORDINGLY, IMPORTATION OF CARS UNDER 2,000 C.C. HAS BEEN MADE SUBJECT TO LICENCE. DURING THE YEAR, 60 PERCENT OF CARS UNDER 2,000 CC SOLD IN NIGERIA WILL BE EITHER PEUGEOT OR VOLKSWAGEN MODELS PRODUCED LOCALLY OR IMPORTED AS THE CASE MAY BE. THE REMAINING 40 PERCENT WILL BE CARS OF OTHER MAKES WITHIN THE 2,000 CC RANGE. THE GRADUAL PHASING OUT OF IMPORTATION OF CARS OTHER THAN PEUGEOT AND VOLKSWAGEN CARS UNDER 2,000 CC WILL BE RELATED TO THE PRODUCTION OF THE LOCAL CAR ASSEMBLY PLANTS."

3. DIFFICULT TO ESTIMATE IMPACT OF THIS ACTION. ON BASIS GOWON STATEMENT, IMPORTS WOULD PRESUMABLY BE ALLOWED FROM ALL MANUFACTURERS IN NUMBERS NEEDED TO MAKE UP DIFFERENCE BETWEEN OUTPUT OF VOLKSWAGEN AND PEUGEOT ASSEMBLY PLANTS (NOW TARGETED AT ANNUAL RATE OF 15,000 UNITS EACH IN CURRENT YEAR AND PROJECTED EVENTUALLY AT APPROXIMATELY 30,000 PER ANNUM EACH AND LEVEL OF EFFECTIVE NIGERIAN DEMAND FOR VEHICLES UNDER 2000 CC. HOWEVER GENERAL GAVE NO INDICATION OF HOW SUPPOSEDLY EFFECTIVE DEMAND WOULD BE CALCULATED. SHAGARI'S STATEMENT GOES BEYOND THAT OF GENERAL GOWON AND SEEMS INTENDED TO STAKE OUT 60 PERCENT OF UNDER 2000 CC MARKET FOR VOLKSWAGEN AND PEUGEOT, WHETHER LOCALLY ASSEMBLED OR IMPORTED. SHAGARI ALSO LEFT UNCLEAR HOW SIZE OF THIS MARKET WOULD BE CALCULATED. (THERE ARE NO PUBLISHED FIGURES IN THIS REGARD; BEST ESTIMATE ADMITTEDLY A ROUGH ONE, WE HAVE IS THAT VEHICLES UNDER 2000 CC PROBABLY ACCOUNT FOR ABOUT 70 PERCENT OF NEW REGISTRATIONS OR ABOUT 49,000 UNITS PER YEAR.)

4. JAPANESE EMBASSY UNDERSTANDBLY CONCERNED SINCE JAPANESE TOYOTA AND DATSUN PROBABLY BIGGEST SELLERS IN UNDER 2000 CC LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LAGOS 03482 161428Z

RANGE ALONG WITH VOLKSWAGEN, AND SO IS BRITISH HIGH COMMISSION, ON ACCOUNT OF BRITISH LEYLAND AND ALSO BRITISH FORD. IN CONVERSATIONS WE HAD WITH JAPANESE AND BRITISH COLLEAGUES AFTER BUDGET APPEARED, THEY INDICATED THEY HAVE NOT YET DISCUSSED SUBJECT WITH FMG AND NOT SURE NOW HOW THEY WILL PROCEED.

5. AS GENERAL AND COMMISSIONER POINTED OUT, ACTION WILL NOT AFFECT VEHICLES 2000 CC AND OVER AND SO CARS MANUFACTURED

IN U.S. PRESUMABLY UNAFFECTED, AND MIGHT EVEN BENEFIT IF
BUYERS WHO PREFER IMPORTED CARS MOVE UP MARKET. LIKE OUT
JAPANESE AND BRITISH COLLEAGUES, HOWEVER, WE ARE DISMAYED
AT FORM FMG PROTECTION HAS TAKEN AND SUPPOSE U.S. MANUFACTURERS
IN EUROPE, AND PARTICULARLY UK, WILL BE ADVERSELY AFFECTED.
WE WOULD NOT LIKE TO GET IN FRONT OF JAPANESE OR BRITISH IN
MATTER OF REPRESENTATIONS TO FMG, BUT IF THEY DECIDE UPON
REPRESENTATIONS BELIEVE WE SHOULD SUPPORT. APPRECIATE GUIDANCE.
CROSBY

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT BUDGET, AUTOMOTIVE INDUSTRY, AUTOMOBILES, IMPORT CONTROLS, PRESS CONFERENCES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LAGOS03482
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750133-0424
From: LAGOS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750447/aaaabreu.tel
Line Count: 124
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 LAGOS 3030
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 20 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 MAY 2003 by BoyleJA>; APPROVED <21 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NIGERIAN IMPORT QUOTAS ON SMALL CARS
TAGS: EIND, ETRD, NI
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006